

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 COME-00 DOTE-00 CAB-05 FMC-02

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 525

UNCLAS CARACAS 10725

E.O. 11652: N/A

TAGS: EWWT, VE

SUBJ: CONGRESSIONAL REQUEST FOR INFORMATION ON OPPORTUNITIES  
FOR US. CITIZENS TO ENGAGE IN OCEAN FREIGHT FORWARDING

REF: A-5980

1. INFORMATION FROM VARIOUS SEGMENTS OF THE SHIPPING INDUSTRY  
HERE REVEALS THAT THERE ARE NO SPECIFIC LEGAL PROHIBITIONS  
AGAINST A UNITED STATES CITIZENS OR FIRM ENGAGING IN INTERNATIO-  
NAL OCEAN FREIGHT FORWARDING IN VENEZUELA.
2. OCEAN FREGHT FORWARDING ACTIVITIES ARE ACCOMPLISHED THROUGH  
DEPARTMENTS WITHIN SHIPPING AGENCIES OR OTHER LARGER COMPANIES.  
SINCE THERE IS NO COMMISSION PAID TO OCEAN FREIGHT FORWARDERS  
(AS OPPOSED TO A COMMISSION OF UP TO 10 PERCENT PAID AIR FREIGHT  
FORWARDERS) THERE IS LITTLE FINANCIAL INDUCEMENT FOR THE  
ESTABLISHMENT OF ENTITIES ENGAGED SOLELY IN OCEAN FREIGHT  
FORWARDING.
3. UNDER THE NATIONAL MERCHANT MARINE PROTECTION AND DEVELOP-  
MENT LAW, STEAMSHIP AGENTS MUST BE VENEZUELAN CITIZENS AND  
80 PERCENT OF THE CAPITALIZATION OF SUCH AGENCIES MUST BE CONTRI-  
BUTED BY VENEZUELAN CITIZENS. HOWEVER, SUBJECT LAW MAKES NO  
REFERENCE TO OCEAN FREIGHT FORWARDERS.
4. THERE IS A REQUIREMENT THATFREIGHT FORWARDERS MUST BE LICENSED  
BY THE NATIONAL GOVERNMENT. SOURCES HERE REPORT THAT A  
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FOREIGN APPLICATION FOR A LICENSE WOULD BE STRENUOUSLY PROTESTED

BY EVERY OCEAN FREIGHT FORWARDER IN VENEZUELA AND THAT, THEREFORE, THE APPLICATION WOULD BE DENIED. THE SERVICE PERFORMED BY OCEAN FREIGHT FORWARDERS IS AN ADDED INCENTIVE WHICH SHIPPING AGENCIES OFFER BUT FOR WHICH THEY RECEIVE LITTLE OR NO REMUNERATION.

5. THE MAJOR PORTION OF VENEZUELAN CARGOS IS CONTROLLED IN EQUAL PARTS BY CAVN, THE NATIONAL FLAG CARRIER, AND PRUDENTIAL LINES, WHICH IS AN ASSOCIATED CARRIER UNDER A SECTION 15 POOLING AGREEMENT APPROVED BY BOTH UNITED STATES AND VENEZUELAN GOVERNMENTS. THIS ARRANGEMENT ELIMINATES THE NEED FOR CARGO SOLICITATION WHICH IS GENERALLY AN OCEAN FREIGHT FORWARDER FUNCTION.

6. RESULTS OF INVESTIGATION TEND TO DISCOURAGE UNITED STATES CITIZENS OR FIRMS FROM ENGAGING IN INTERNATIONAL OCEAN FREIGHT FORWARDING IN VENEZUELA UNLESS IT IS DONE IN CONJUNCTION WITH AN EXISTING STEAMSHIP AGENCY OR OTHER LARGE ORGANIZATION HAVING, OR WISHING TO ESTABLISH, ITS OWN OCEAN FREIGHT FORWARDING DEPARTMENT. SINCE OCEAN FREIGHT FORWARDING BY ITSELF IS NOT SUFFICIENTLY LUCRATIVE, IT WOULD BE IMPRACTICAL TO BECOME INVOLVED SOLELY IN THAT ACTIVITY.

7. LICENSING REGULATIONS WILL BE FORWARDED BY AIRGRAM ASAP.  
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